

March 1, 2013

As you are likely aware, due to the failure of Congress to reach a deal on balanced deficit reduction to avoid sequestration, the President earlier today was required by law to issue a sequestration order canceling approximately \$85 billion in budgetary resources across the Federal government for the remainder of the Federal fiscal year. As an important and valued contractor with the Social Security Administration (SSA), we want to provide you with timely and clear information about how these budget cuts impact us, and in turn, what it means for you.

At this time, SSA is taking every step to mitigate the effects of these cuts. Most importantly, we expect you to perform existing contracts and orders as set forth in that document unless we notify you otherwise. While we do not anticipate cancelling, suspending or reducing the scope of any current existing contracts and orders, it is possible that your company may be affected in the longer term. For example, SSA may need to negotiate lower prices or other terms via a bilateral modification to meet the constraints imposed by sequestration on future awards. Depending upon the results of those negotiations, it is possible that planned contract actions for new work may be rescope, delayed, or canceled depending on the nature of the work and the degree to which it directly supports the agency's core mission. You will be contacted by the appropriate Contracting Officer with additional details should this be necessary.

Thank you for your continued partnership with SSA, and for your cooperation as we work together to manage these unfortunate circumstances.